

# **The Pension Funding Process**

## **LEOFF Plan 2 Retirement Board**

**Steve Nelsen**

Interim Director

October 17, 2003

# **The LEOFF Plan 2 Retirement Fund**

The LEOFF Plan 2 Retirement Fund pays all pension benefits for LEOFF Plan 2 members and their beneficiaries.

The LEOFF Plan 2 Retirement Fund is part of the Commingled Trust Fund invested by the State Investment Board but LEOFF 2 assets are accounted for separately.

# Retirement Funding

Assets are added to the LEOFF Plan 2 Retirement Fund in one of two ways:

- Contributions – Member, Employer, State
- Investment Earnings

# The Rate-Setting Cycle

Base contribution rates for all public pension plans are established on a biennial basis.

- Rates are adopted no later than September 30 in even-numbered years for the following biennium.
- The LEOFF Plan 2 Retirement Board adopts the member, employer & State rates for LEOFF Plan 2.

# Base Contribution Components

Several factors are important in determining the base contribution rate for LEOFF Plan 2.

- Assets in the Retirement Fund
- Projected Liabilities
- Long-Term Economic Assumptions
- Demographic Assumptions
- Actual Experience

# Contribution Rate Adjustments

Base contribution rates can be adjusted in one of two ways:

- The Legislature can change contribution rates.
- A supplemental contribution rate may be charged to pay for benefit increases or other plan changes.

# End of Presentation

Questions?

